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July 6, 2004

RECEIVED

JUL 08 2005

PUBLIC SERVICE
COMMISSION

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Case 2005-00287

RE: Application of Atmos Energy Corporation for an
Order Authorizing Implementation of a Three Year
\$600 Million Revolving Credit Facility

Dear Ms. O'Donnell:

I enclose herewith an original, plus eleven (11) copies, of an Application of Atmos Energy Corporation for an Order Authorizing Implementation of a Three Year \$600 Million Revolving Credit Facility. Please return one file stamped copy to me. Thanks.

Very truly yours,



Mark R. Hutchinson

MRH:bkk

Enclosures

RECEIVED

JUL 08 2005

PUBLIC SERVICE
COMMISSION

**BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY**

IN THE MATTER OF THE APPLICATION)
OF ATMOS ENERGY CORPORATION,)
FOR AN ORDER AUTHORIZING THE)
IMPLEMENTATION OF A \$600 MILLION)
THREE-YEAR REVOLVING CREDIT)
FACILITY)
)
)
)
)

CASE NO. 2005-00287

APPLICATION

1. Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant" or "Atmos"), files its Application herein for an Order authorizing the implementation of a three-year \$600 million revolving credit facility ("Credit Facility")

2. The Credit Facility will have a term of three years and will replace the 364-day term \$600 million revolving credit facility entered into as of October 22, 2004. The Credit Facility will be provided by a syndicate of commercial banks and other financial institutions, the identity of which will not be determined until the syndication process is complete. The Credit Facility will primarily serve as a liquidity backstop for Atmos Energy Corporation's \$600 million commercial paper program, but can also be utilized by the Company for direct borrowings. The interest rate to be paid on any direct borrowings made under the Credit Facility will be a floating rate, set at a spread over either a) the then-prevailing London Interbank Offered Rate ("LIBOR") or b) an alternate floating rate such as the Prime Rate or the Federal Funds Rate. The spread over LIBOR or over the alternate floating rate, as applicable, will be determined based on Atmos Energy Corporation's then-prevailing senior unsecured credit rates. The Company anticipates that the maximum spread over LIBOR that it would pay would be 1.50% per annum. In addition, the fee that the Company would pay on any unused availability under the Credit Facility

(the “unused fee”) would be based on its then-prevailing senior unsecured credit rates. The Company anticipates that the maximum unused fee that it would pay would be 0.50% per annum. The actual spreads and fees that the Company would pay at various credit rating levels is currently not known with certainty, but will be determined prior to the date on which the Credit Facility closes. The Company will also pay an annual fee to the administrative agent and one-time arrangement fees at closing to the banks which provide commitments to the Credit Facility. The amount of these fees will be negotiated during the Credit Facility syndication process and will be based on then-prevailing financial market conditions.

3. The net proceeds from the Credit Facility will be used for the repayment of all or a portion of the Company’s short-term debt; for the purchase, acquisition and/or construction of additional properties as well as improvements to the Company’s existing utility plant and for general corporate purposes. All the foregoing are lawful purposes and are appropriate or consistent with the proper performance by Atmos of its service to the public and will not impair its ability to perform that service and is reasonable, necessary and appropriate for such purposes.

4. Approval of this application is in the public interest because it will be beneficial to Atmos and its service to its customers and the public will be inconvenienced thereby. In addition, the Credit Facility will provide Atmos with greater flexibility in its financing options.

5. Applicant, a Virginia and Texas corporation, is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Atmos operates as a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky. No transfer of ownership or control, or right to control Atmos, by sale of assets, transfer of stock or otherwise, will occur as a result of this transaction.

6 The Company's principal operating office and place of business in Kentucky is 2401 New Hartford Road, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

7. A certified copy of Applicant's Restated Articles of Incorporation as Amended, together with all amendments thereto, are on file in the records of the Commission and the same are incorporated herein by reference. *See, In the Matter of the Application of Atmos Energy Corporation, Through its Division, Western Kentucky Gas Company of Owensboro, Kentucky, for and Order Authorizing the Issuance of up to 1,655,740 Shares of Common Stock, Case No. 2000-436.*

8. Correspondence and communications with respect to this Application should be directed to:

Gary Smith
Vice President, Marketing, Rates and Regulatory Affairs
Atmos Energy Corporation, Kentucky Division
2401 New Hartford Road
Owensboro, Kentucky 42303

Douglas C. Walther
Senior Attorney
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
611 Frederica St.
Owensboro, Kentucky 42301

9. Pursuant to KRS 278.300, Atmos respectfully requests expedited approval of the Credit Facility. As noted in Paragraph 2, the Credit Facility will replace an existing short-term facility which expires on October 21, 2005. In anticipation of this, Atmos has set a target date of September 30, 2005, to close the Credit Facility.

10. To comply with the requirements of 807 KAR 5:001, Sections 6, 8 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorpo-

rated herein by reference, Exhibit A, which contains all of the financial information therein required.

11. Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. See, *In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares*, Case No. 97-351.

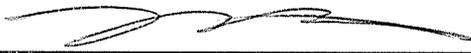
WHEREFORE, Atmos respectfully requests that the Commission authorize by appropriate order or certificate the implementation of the three-year \$600 million revolving credit facility.

Respectfully submitted on this 6 day of July, 2005.

Douglas C. Walther
Senior Attorney
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
611 Frederica Street
Owensboro, Kentucky 42301

COUNSEL FOR ATMOS ENERGY CORPORATION

By:  _____

VERIFICATION

STATE OF TEXAS

§
§
§

COUNTY OF DALLAS

The undersigned, being under oath, says that she is the Vice President and Treasurer of Atmos Energy Corporation, that she has read the above and foregoing Application, has personal knowledge and that the facts in it are true.

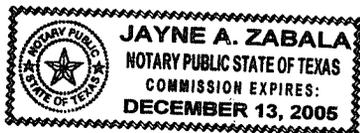


Laurie M. Sherwood
Vice President and Treasurer
Atmos Energy Corporation

Signed and sworn to before me this 27th day of June, 2005, by Laurie M. Sherwood, as Vice President and Treasurer of Atmos Energy Corporation, on behalf of the said corporation.



Notary Public, State of Texas



**KENTUCKY
EXHIBIT A**

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Atmos Energy Corporation operates in Kentucky through its Kentucky division. The following includes information for Atmos Energy Corporation (unless otherwise stated) since the Kentucky division does not have a separate capital structure or authorized stock.

6(1) Amount and kinds of stock authorized

As of March 31, 2005 Atmos Energy Corporation had 200,000,000 shares of common stock (no par value) authorized.

6(2) Amount and kinds of stock issued and outstanding

As of March 31, 2005, Atmos Energy Corporation had 79,877,473 shares of common stock issued and outstanding.

6(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

Atmos Energy Corporation has no preferred stock.

6(4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Atmos has mortgages related to bonds assumed in the merger with Greeley Gas Company on December 22, 1993. The 9.4% series J bonds are secured by an Indenture of Mortgage and Deed of Trust dated April 1, 1991 in favor of First Colony Life Insurance Company. The outstanding First Mortgage Bonds assumed in the merger with Greeley are as follows:

First Mortgage Bonds	Original Issue	Bonds Outstanding 3/31/2005	Interest Accrued for 12 Months Ended 3/31/2005
9.4% Series J, due May 1, 2021	\$17,000,000	\$17,000,000	\$1,702,578

Atmos has mortgages related to bonds assumed in the merger with United Cities on July 31, 1997, which are listed below:

First Mortgage Bonds	Original Issue	Bonds Outstanding 3/31/2005	Interest Accrued for 12 Months Ended 3/31/2005
10.43% Series P, due 11/01/17	\$25,000,000	\$10,000,000 10/01/87	\$1,121,609
9.75% Series Q, due 4/30/20	\$20,000,000	\$16,000,000 4/01/90	\$1,576,636
9.32% Series T, due 6/01/21	\$18,000,000	\$18,000,000 6/01/91	\$1,676,064
8.77% Series U, due 5/01/22	\$20,000,000	\$20,000,000 5/01/92	\$1,762,966
7.50% Series V, due 12/01/07	\$10,000,000	\$ 2,500,000 12/01/92	\$ 270,662
		\$ 66,500,000	\$6,407,937

Note that all of these first mortgage bonds, except for Series P, will be repaid in June 2005.

6(5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

Please refer to 6(4) above.

6(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount Outstanding at 3/31/2005</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>In Favor of</u>	<u>Interest Accrued for 12 months ended 3/31/2005</u>
Sr. Notes	10/18/04	300,000,000	10/15/07	3.035%		3,269,252
Sr. Notes	10/18/04	400,000,000	10/15/09	4.000%		6,070,966
Sr. Notes	05/15/01	350,000,000	05/15/11	7.375%		26,372,052
Note	12/31/91	1,151,654	12/31/11	10.0%	Kingdom Foundation	115,162
Note	12/31/91	1,151,654	12/31/11	10.0%	Michael D. Fredricks	115,162
Sr. Notes	01/16/03	250,000,000	01/15/13	5.125%		13,847,980
Sr. Notes	10/18/04	500,000,000	10/15/14	4.950%		8,892,167
Note	12/15/95	10,000,000	12/15/25	6.67%	Cede & Co.	666,249
Note	12/19/95	10,000,000	12/19/20	6.27%	Cede & Co.	626,294
Debentures	07/15/98	150,000,000	07/15/28	6.75%	U.S. Bank as Trustee	10,208,802
Sr. Notes	10/18/04	200,000,000	10/15/34	5.950%		4,186,949
		<u>\$2,172,303,308</u>				<u>\$74,371,035</u>

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

<u>Description</u>	<u>Lender</u>	<u>Amount Outstanding at 3/31/2005</u>	<u>Rate of Interest</u>	<u>Interest Accrued for 12 Months Ended 3/31/2005</u>
Committed Lines of Credit:				
One-year credit facility for up to \$18,000,000 renegotiated effective April 1, 2005	Amarillo National Bank	\$ 0	Short-term rate based upon option chosen at time of borrowing	\$ 59,314
364-Day Revolving Credit Agreement for up to \$600,000,000.	Bank One, NA, Suntrust Bank,	\$ 0	Short-term rate based upon option chosen at time of borrowing	1,371,272
TOTAL COMMITTED LINES		\$ 0		<u>\$1,430,586</u>
Uncommitted Money Market Lines of Credit:				
Credit facility for up to \$25,000,000	KBC Bank	\$ 0	Short-term rate based upon option chosen at time of borrowing	-
\$600,000,000 Commercial Paper Program	Merrill Lynch Bank One as dealers	\$ 0	Money market rate as quoted	107,272
TOTAL UNCOMMITTED LINES		\$ 0		<u>107,272</u>
TOTAL LINES OF CREDIT		\$ 0		<u>\$1,537,858</u>

6(8) Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.

The following is Atmos Energy Corporation's dividend history for the past five fiscal years. The Atmos dividend rate, the amount of dividends paid and average shares have been restated to include United Cities distributions.

<u>Fiscal Year Ended Sept 30</u>	<u>Atmos Dividend Rate</u>	<u>Amount of Dividends Paid</u>	<u>Average Shares For Each Fiscal Year</u>
Fiscal 2000	\$1.14	\$35,994,574	31,594,000
Fiscal 2001	\$1.16	\$44,111,974	38,247,000
Fiscal 2002	\$1.18	\$48,646,766	41,250,000
Fiscal 2003	\$1.20	\$55,290,637	46,496,000
Fiscal 2004	\$1.22	\$66,736,243	54,416,000

6(9) **Detailed income statement and balance sheet.**

The following is the separate company income statement and balance sheet for the utility operations of Atmos Energy Corporation.

**ATMOS ENERGY CORPORATION
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED
March 31, 2005
(Thousands of Dollars)**

Operating revenues	\$2,618,016
Purchased gas cost	<u>1,862,389</u>
Gross profit	755,627
Operating expenses:	
Operation and maintenance	272,379
Depreciation and amortization	128,549
Taxes, other than income	<u>111,374</u>
Total operating expenses	<u>512,302</u>
Operating income	243,325
Other income	6,460
Interest charges	87,554
Equity in earnings of unconsolidated non-regulated subsidiaries	<u>44,381</u>
Income before income taxes	206,612
Income taxes	<u>60,130</u>
Net income	\$ <u>146,482</u>

ATMOS ENERGY CORPORATION
BALANCE SHEET
March 31, 2005
(Thousands of Dollars)

ASSETS

Property, plant and equipment	\$3,972,849
Less accumulated depreciation and amortization	<u>1,155,235</u>
Net property, plant and equipment	2,817,614
Investments in and advances to subsidiaries	201,732
Current assets	
Cash and cash equivalents	224,231
Accounts receivable, net	360,720
Inventories	5,196
Gas stored underground	180,613
Other current assets	86,455
Intercompany, net	<u>482,978</u>
Total current assets	1,340,193
Goodwill	545,502
Deferred charges and other assets	<u>231,951</u>
	<u>\$5,136,992</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	
Common stock	\$ 399
Additional paid-in capital	1,408,721
Retained earnings	240,920
Accumulated other comprehensive loss	<u>(17,770)</u>
Shareholders' equity	1,632,270
Long-term debt	<u>2,247,890</u>
Total capitalization	3,880,160
Current liabilities:	
Current maturities of long-term debt	3,917
Accounts payable and accrued liabilities	339,931
Short-term debt	0
Customers' deposits	70,292
Taxes payable	36,074
Other current liabilities	<u>137,564</u>
Total current liabilities	587,778
Deferred income taxes	240,348
Deferred credits and other liabilities	<u>428,706</u>
	<u>\$5,136,992</u>

- 11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas, Mississippi and Louisiana. At March 31, 2005, the cost to the Applicant was \$5,121,470,350.
- 11(b) The Credit Facility will have a term of three years and will replace a 364-day term \$600 million revolving credit facility entered into as of October 22, 2004. The Credit Facility will not be secured. The interest rate to be paid on any direct borrowings made under the Credit Facility will be a floating rate, set at a spread over either a) the then-prevailing London Interbank Offered Rate ("LIBOR") or b) an alternate floating rate such as the Prime Rate or Federal Funds Rate. The spread over LIBOR or over the alternate floating rate, as applicable, will be determined based on Atmos then-prevailing senior unsecured credit rates. The Company anticipates that the maximum spread over LIBOR that it would pay would be 1.50% per annum. In addition, the fee that the Company would pay on any unused availability under the Credit Facility would be based on its then-prevailing senior unsecured credit rates. The Company anticipates that the maximum unused fee that it would pay would be 0.50% per annum.
- 11(c) The net proceeds from the credit facility will be used for the refund or repayment of all or a portion of the Company's short-term debt; for the purchase of natural gas; for the purchase acquisition and/or construction of additional properties as well as improvements to the Company's existing utility plan and for general corporate purposes.
- 11(d) Please refer to 11(c) above.
- 11(e) Please refer to 11(c) above.
- 11(2)(a) Please refer to 6(1) through 6(9) above.
- 11(2)(b) The mortgage earlier described in 6(4) has previously been filed with the Commission.
- 11(2)(c) Not applicable.